

**SECTION II**  
**[TO BE ATTACHED TO THE MAIN ANSWER-BOOK]**  
**B.COM DEGREE CBCS PRIVATE EXAMINATION, MARCH 2025**  
**DO NOT WRITE YOUR REGISTER NUMBER OR NAME ANYWHERE IN THE**  
**SECTION II OF THE QUESTION PAPER**  
**CO2CMT02-MCQ - PRINCIPLES OF BUSINESS DECISIONS**

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Answer **all** questions.

All questions carry equal marks

Put a tick mark [✓] against the correct answer

1. Which of the following is not a subject matter of micro economics?
  - (a) the price of mangoes
  - (b) the cost of producing a fire truck for the fire department of Delhi, India
  - (c) the quantity of mangoes produced for mangoes market
  - (d) the national economy's annual rate of growth
2. If the demand for a good is inelastic, an increase in its price will cause the expenditure of the good to remain the same or change to :
  - (a) remain the same
  - (b) increase
  - (c) decrease
  - (d) decrease
3. The price elasticity of demand is defined as the responsiveness of
  - (a) price to a change in quantity demanded
  - (b) quantity demanded to a change in price
  - (c) quantity demanded to a change in price
  - (d) quantity demanded to a change in income
4. Which of the following goods is likely to have perfectly inelastic demand?
  - (a) car
  - (b) salt
  - (c) cabbage
  - (d) sugar
5. The "law of diminishing returns" applies to
  - (a) the short run, but not the long run
  - (b) the long run, but not the short run
  - (c) both the short run and the long run
  - (d) neither the short run nor the long run
6. In short run, when the output of a firm increases, its average fixed cost :
  - (a) increases
  - (b) decreases
  - (c) remain constant
  - (d) first declines and then rises

7. The production function is a relationship between a given combination of input and :
- (a) another combination that yields the same output
  - (b) the highest resulting output
  - (c) the increase in output generated by one unit increase in one output
  - (d) all level of output that can be generated by those inputs
8. Marginal cost changes due to change in \_\_\_\_\_
- (a) total cost
  - (b) average cost
  - (c) variable cost
  - (d) quantity of output
9. Which of the following statements is false?
- (a) Economic costs include the opportunity costs of the resources owned by the firm.
  - (b) Accounting costs include only explicit costs.
  - (c) Economic profit will always be less than accounting profit if resources owned and used by the firm have any opportunity costs.
  - (d) Accounting profit is equal to total revenue less implicit costs.
10. Discriminating monopoly implies that the monopolist charges different prices for his commodity :
- (a) from different groups of consumers
  - (b) for different uses
  - (c) at different places
  - (d) any of the above.
11. Suppose that the demand curve for the XYZ Co. slopes downward and to the right. We can conclude that
- (a) the firm operates in a perfectly competitive market.
  - (b) the firm can sell all that it wants to at the established market price.
  - (c) the XYZ Co. is not a price taker in the market because it must lower price to sell additional units of output.
  - (d) the XYZ Co. will not be able to maximise profits because price and revenue are subject to change.
12. Agricultural goods markets depict characteristics close to
- (a) perfect competition.
  - (b) oligopoly.
  - (c) monopoly.
  - (d) monopolistic competition
13. Total revenue =
- (a) price  $\times$  quantity
  - (b) price  $\times$  income
  - (c) income  $\times$  quantity
  - (d) none of the above
14. Generally, market for perishable like butter, eggs, milk, vegetables etc., will have
- (a) regional market
  - (b) local market
  - (c) national market
  - (d) none of the above
15. Under which of the following approach of demand forecasting for new product, the demand is considered as an extension of demand of an existing product.
- (a) substitute approach
  - (b) evolutionary approach

- (c) growth curve approach      (d) opinion poll approach
16. The vertical difference between TVC and TC is equal to:  
(a) MC.      (b) AVC.  
(c) TFC.      (d) None of these
17. Which of the following is short run cost?  
(a) fixed cost      (b) variable cost  
(c) both (a) and (b)      (d) none of these
18. If equilibrium is present in a market, then  
(a) quantity demanded is equal to quantity supplied      (b) quantity demanded exceeds quantity supplied  
(c) quantity supplied exceeds quantity demanded      (d) the price of the product will tend to rise
19. The law of demand refers to \_\_\_\_\_.  
(a) price-supply relationship      (b) price-cost relationship  
(c) price-demand relationship      (d) price-income relationship
20. When price elasticity of demand is zero, the slope of the demand curve will be  
(a) horizontal      (b) vertical  
(c) sloping downwards      (d) none of these

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No. of MCQ's Attempted :

Marks Scored :  
(To be entered by the examiner)

No. of MCQ's not Attempted :

**ATTACH SECTION II INTERNAL EXAMINATION MCQ PAPER  
WITH THE MAIN ANSWER BOOK**